

Message Text

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PAGE 01 BONN 10969 01 OF 02 302006Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
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R 301707Z JUN 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 9509
INFO AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION USBERLIN
USMISSION NATO
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART

C O N F I D E N T I A L SECTION 01 OF 02 BONN 10969

E.O. 11652: GDS
TAGS: PINT, GW
SUBJECT: AS THE BUNDESTAG BEGINS ITS SUMMER RECESS...

REFS: A. BONN 10163; B. BONN 10431

BEGIN SUMMARY: WE SUMMARIZE IN THIS MESSAGE THE STATUS
OF MAJOR DOMESTIC AFFAIRS LEGISLATION WHICH THE BUNDESTAG
CONSIDERED BEFORE BEGINNING ITS SUMMER RECESS ON JUNE 24.
LAST WEEK, THE SPD/FDP COALITION GUIDED ITS BUDGET
THROUGH THE BUNDESTAG AND WON BUNDESRAT APPROVAL FOR ITS
CONTROVERSIAL PACKAGE ON HEALTH INSURANCE
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PAGE 02 BONN 10969 01 OF 02 302006Z

REFORMS. THIS SHOW OF STRENGTH ENABLED THE COALITION TO
ENTER THE SUMMER RECESS WITH A SENSE OF UPLIFT EVEN
THOUGH INTERNAL QUARRELS CONTINUE TO PLAGUE BOTH THE
SPD AND FDP. ON THE OTHER HAND, THE OPPOSITION CDU/CSU
SUFFERED AN UNBROKEN STRING OF DEFEATS IN THE BUNDESTAG.
WORSE STILL, DEFECTIONS BY TWO CDU/CSU STATE GOVERN-
MENTS (LOWER SAXONY AND THE SAARLAND) GAVE THE SCHMIDT

COALITION A MAJOR VICTORY IN THE BUNDES RAT. THIS DEFEAT TRIGGERED NEW BICKERING IN CDU/CSU RANKS, CHARACTERIZED MAINLY BY ATTACKS ON THE POSITION AND STRATEGY OF OPPOSITION LEADER HELMUT KOHL. END SUMMARY.

1. AFTER VOTING ON INDIVIDUAL BUDGET PLANS, THE BUNDESTAG ON JUNE 24 PASSED THE ENTIRE COALITION BUDGET BY 252-240, AND THEN BEGAN ITS SUMMER RECESS. AS EXPECTED, THE CDU/CSU CONSISTENTLY VOTED AGAINST EVERY BUDGET, INCLUDING -- FOR THE FIRST TIME -- THE DEFENSE BUDGET. THIS LATTER MOVE CAUSED HEARTBURN FOR MANY UNION DEPUTIES WHO HAD ALWAYS SUPPORTED DEFENSE OUTLAYS ON GROUNDS OF NATIONAL INTEREST BUT WHO VOTED "NO" THIS TIME IN ORDER TO MAINTAIN SOLIDARITY WITH THEIR FRAKTION LEADERSHIP.

2. THE SPD/FDP ACHIEVED A SECOND LEGISLATIVE VICTORY ON JUNE 24 WHEN THE BUNDESTAG GAVE FINAL APPROVAL TO A LAW FOR IMPROVING THE SITUATION OF THE PENSION FUND, AND WHEN THE BUNDES RAT APPROVED MEASURES TO CURB HEALTH INSURANCE COSTS. THE NEW PENSION RATES WILL THUS GO INTO FORCE ON JULY 1, AS THE GOVERNMENT HAD HOPED. BUNDES RAT PASSAGE OF THE LAW ON HEALTH INSURANCE REFORMS WAS POSSIBLE ONLY BECAUSE THE CDU/FDP COALITION IN LOWER SAXONY, AFTER PROTRACTED NEGOTIATIONS WITH BONN, ASSENTED. (ON PAPER, THE CDU/CSU-CONTROLLED LAENDER, CONFIDENTIAL

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PAGE 03 BONN 10969 01 OF 02 302006Z

INCLUDING THE SAARLAND AND LOWER SAXONY WHICH HAVE CDU/FDP COALITIONS, DOMINATE THE BUNDES RAT BY 26-15.) LOWER SAXONY MINISTER-PRESIDENT ALBRECHT (CDU) GAVE HIS "YES" VOTE IN RESPONSE TO GREAT PRESSURE FROM HIS FDP COALITION PARTNER, AND WITH DE FACTO URGING FROM CDU/CSU OPPOSITION LEADER HELMUT KOHL THAT HE NOT JEOPARDIZE HIS COALITION FOR THE SAKE OF VOTING WITH OTHER CDU/CSU LAENDER AGAINST THE BILL.

3. THE THIRD MAJOR PLACE OF LEGISLATION WHICH THE BUNDESTAG CONSIDERED THIS TERM IS THE GOVERNMENT'S TAX PACKAGE, WHICH WAS NARROWLY PASSED ON JUNE 16 (REF A). THIS PACKAGE IS IN LIMBO, PENDING THE OUTCOME OF NEGOTIATIONS NOW UNDERWAY BETWEEN THE FEDERAL GOVERNMENT AND THE LAENDER ON THE POSSIBILITY OF A NEW DISTRIBUTION OF RECEIPTS FROM THE INCREASED VALUE-ADDED TAX. THE BUNDES RAT DECIDED TO POSTPONE ITS CONSIDERATION OF THE TAX PACKAGE UNTIL JULY 8; IT MAY ALSO DEAL WITH IT ON JULY 15. AT PRESENT, THERE IS A GOOD CHANCE THAT SOME AGREEMENT ON THE TAX PACKAGE WILL BE ACHIEVED WHICH WILL NOT REQUIRE INVOKING THE CONFERENCE COMMITTEE (VERMITTLUNGSAUSSCHUSS) -- A STEP WHICH WOULD

ENSUE SHOULD THE BUNDESRAT AMEND THE BUNDESTAG-PASSED
BILL, AND WHICH WOULD REQUIRE IN TURN A SPECIAL SESSION
OF THE BUNDESTAG NEXT MONTH.

4. THE FOURTH CONTROVERSIAL PIECE OF DOMESTIC LEGISLA-

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PAGE 01 BONN 10969 02 OF 02 302018Z
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R 301707Z JUN 77
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C O N F I D E N T I A L SECTION 02 OF 02 BONN 10969

TION ON THE AGENDA FOR THIS TERM WAS THE FRG LAW FOR
MILITARY AND CIVIL SERVICE. THE BUNDESTAG PASSED THIS
BILL ON MARCH 17, BUT THE BUNDESRAT REJECTED IT BY
21-20 ON JUNE 24, ON THE GROUNDS THAT THE LAW ERODES
THE PRINCIPLE OF GENERAL MILITARY SERVICE BY OFFERING
CONSCIENTIOUS OBJECTORS AN EASY OUT. (WE HAVE ALREADY
REPORTED THE CDU/CSU DECISION TO APPEAL THIS LAW TO THE
FEDERAL CONSTITUTIONAL COURT IN KARLSRUHE.)

5. LOWER SAXONY'S DECISION TO SUPPORT THE SPD/FDP
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PAGE 02 BONN 10969 02 OF 02 302018Z

PACKAGE OF LAWS ON HEALTH INSURANCE REFORMS HAS CAUSED A TEMPEST IN THE OPPOSITION CAMP. THE VOTE DESTROYED ANY SEMBLANCE OF CDU/CSU UNITY ON THIS ISSUE (THE SAARLAND'S DEFECTION, MINOR IN COMPARISON, ALONE WOULD NOT HAVE SUFFICED FOR BUNDESRAT PASSAGE), AND IT GAVE THE SPD/FDP COALITION A MAJOR VICTORY. MOREOVER, THE VOTE MADE ALBRECHT APPEAR TO HAVE CAVED IN TO FDP BLACKMAIL WITH THE BLESSING OF KOHL.

A. AS A RESULT, THE CDU/CSU RIGHT WING -- STRAUSS, DREGGER, AND OTHERS -- HAS BEEN BLASTING AWAY AT KOHL, IN PUBLIC AND IN PRIVATE, CLAIMING THAT THE LOWER SAXONY VOTE SHOWS THAT KOHL'S STRATEGY OF TRYING TO WIN THE FDP AWAY FROM THE SPD IS FLAWED.

B. IN RESPONSE TO SUCH CRITICISM, KOHL AND HIS DEPUTY, CDU SECRETARY GENERAL GEISSLER, HAVE ISSUED SHARP RHETORICAL ATTACKS ON THE FDP IN THE PAST FEW DAYS. KOHL ALSO MET FOR SEVEN HOURS WITH STRAUSS TO DISCUSS THE PROBLEM. HE FACES A FIRST MEETING OF THE RIGHTIST-ORIENTED CDU/CSU STRATEGY COMMISSION IN BONN ON JULY 6. THE MAIN ISSUE IN BOTH MEETINGS IS WHAT LESSONS THE UNION SHOULD LEARN FROM THE LOWER SAXONY VOTE, AND HOW BEST TO PURSUE THE GOAL OF REGAINING POWER IN BONN.

C. THE BUNDESRAT PASSAGE OF THE HEALTH INSURANCE BILL ALSO CONFIRMED THE MERITS OF GENSCHER'S DECISION LAST YEAR TO ENTER STATE-LEVEL COALITIONS WITH THE CDU IN ORDER TO USE SUCH COALITIONS TO IMPROVE CHANCES FOR SPD/FDP PROGRAMS BEFORE THE BUNDESRAT.

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CONFIDENTIAL

PAGE 03 BONN 10969 02 OF 02 302018Z

6. THE SUMMER BREAK LASTS UNTIL SEPTEMBER 4, BUT IT WILL BRING ONLY PARTIAL RELIEF TO THE INTERNAL PROBLEMS WHICH PLAGUE THE COALITION PARTIES AS WELL AS THE OPPOSITION.

A. LAST WEEKEND, THE SPD ANNOUNCED THAT IT HAD TAKEN STEPS TO EXPEL THREE MORE PROMINENT MEMBERS --

SOCIALIST UNIVERSITY ASSOCIATION (SHB) LEADER MECHTHILD JANSEN, AND PROFESSORS STUBY AND KADE -- BECAUSE OF THEIR ASSOCIATION WITH THE COMMUNIST-FRONT COMMITTEE FOR PEACE, DISARMAMENT, AND COOPERATION. SPD BUSINESS MANAGER BAHR TOLD THE PRESS THAT SOME TWO DOZEN EXPULSION PROCEEDINGS ARE NOW IN TRAIN, AND THAT MORE MAY FOLLOW. HE ALSO CLAIMED THAT THE RECENT WEHNER-BRANDT FEUD (REF B) HAD BEEN RESOLVED.

B. AT THE SAME TIME, THE FDP WIDENED ITS INTERNAL RIFT OVER THE ISSUE OF NUCLEAR POWER. MEETING IN SAARBRUECKEN, THE PARTY'S NATIONAL COMMITTEE REPUDIATED ITS CHAIRMAN (GENSCHER) AND HIS THREE COLLEAGUES IN THE BONN CABINET BY VOTING FOR A HARDLINE STAND AGAINST NUCLEAR POWER. THOUGH THE FDP LEADERSHIP INSISTS THAT THIS VOTE WILL NOT BIND ITS PERFORMANCE IN THE COALITION, INTERNAL FRICTIONS IN THE RANKS AND POSSIBLE STRESS WITH THE SPD OVER THIS ISSUE SEEM LIKELY TO FOLLOW. STOESEL

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